Chiome Bioscience (TYO: 4583)

The share-supply overhang has receded. The next focus is how far drug discovery earnings can be concretized.

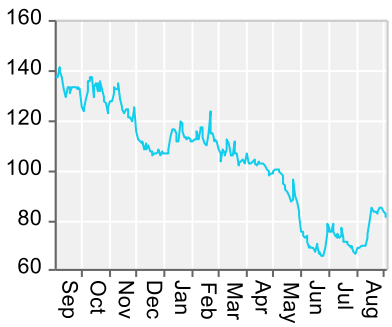
2Q update report

Pharmaceuticals

As of September 4, 2026

Share price(9/3)	**¥82**
52weeks high/low	¥65/142
Avg Vol (3 month)	613.8 thou shrs
Market Cap	¥6.65 bn
Enterprise Value	¥5.43 bn
PER (26/12 CE)	– X
PBR (25/12 act)	4.1 X
Dividend Yield (26/12 CE)	– %
ROE (25/12 act)	-65.1 %
Operating margin (TTM)	-165.1 %
Beta (5Y Monthly)	1.8
Shares Outstanding	81.150 mn shrs
Listed market	TSE Growth

Price



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Investment conclusion

Maintain a slightly bullish investment conclusion on the Company's shares.

Net sales for the first half of FY12/2026 increased 8.7% year on year to 273 million yen, and operating loss narrowed to 479 million yen from 536 million yen in the same period of the previous fiscal year. Although the Drug Discovery & Development Business continued to record no sales, biosimilar-related revenue expanded in the Drug Discovery Support Business, and R&D expenses also decreased from 395 million yen in the same period of the previous fiscal year to 368 million yen. For CBA-1205, patient enrollment for hepatocellular carcinoma and melanoma has been completed, and the program has moved to data analysis, while the pediatric cancer part is also progressing. CBA-1535 also entered the final cohort of the first half part of the Phase 1 clinical study in June 2026, and is approaching the stage at which the Company will assess the possibility of out-licensing based on monotherapy data.

What is more important than before in the current investment conclusion is not only the improvement in earnings. The 23rd series of stock acquisition rights issued in December 2025 had all been exercised by August 12, 2026. At issuance, the number of potential shares was 13.61 million shares, and the maximum dilution ratio based on the number of voting rights at the end of June 2025 was 20.01%. In July alone, 2.2098 million shares were delivered, and in August, the remaining 713,700 shares were delivered, reducing the unexercised balance to zero. The direct overhang from new share supply that had been perceived during phases of share price increases has been resolved, at least with respect to the 23rd series of stock acquisition rights.

Therefore, regarding the current share price of 80 yen, we believe that the risks borne by investors in terms of both valuation and supply–demand have decreased compared with the time of the previous report. However, this does not mean the Company has achieved profitability as a business. Operating cash flow in the first half was negative 538 million yen, and the cash balance, which increased to 1.372 billion yen, was supported not by cash generation from the business, but by financing activities centered on the exercise of stock acquisition rights.

Accordingly, the conditions for further raising the current investment conclusion are clear: the economic terms of out-licensing for CBA-1205 or CBA-1535 become concrete; continued profit contribution from IDD or biosimilars can be confirmed; or the cash outflow from operating cash flow clearly narrows.

In the previous report, visualization of earnings from drug discovery, monetization of IDD projects, and a slowdown in cash consumption were identified as the conditions for a turning point in the share price. This view remains unchanged. However, this time, with one of the share supply factors that had been suppressing the share price now ended, we believe the share price will move into a phase in which it is more likely than before to reflect business fundamentals directly.

1. Evaluation of 2Q results

Revenue growth and loss narrowing continued. However, on a 2Q stand-alone basis, improvement is not progressing in a straight line.

Net sales for the first half of FY12/2026 increased by 21 million yen to 273 million yen from 251 million yen in the same period of the previous fiscal year. All of this was from sales in the Drug Discovery Support Business. While research support sales to pharmaceutical companies decreased, biosimilar-related sales expanded. R&D expenses decreased by 26 million yen year on year to 368 million yen, and operating loss was 479 million yen, ordinary loss was 481 million yen, and net loss for the period was 483 million yen, all of which improved by 57 million yen year on year.

Looking at the stand-alone quarter, compared with 1Q net sales of 147 million yen, 2Q net sales were 126 million yen, and operating loss widened slightly from 232 million yen in 1Q to 247 million yen in 2Q. Since the gross profit margin improved from 54.7% in 1Q to 61.7% in 2Q, there is no need to view the decline in 2Q stand-alone sales as a deterioration in business profitability. However, it is still too early to evaluate the Drug Discovery Support Business as achieving stable growth every quarter.

Table 1 Quarterly results for FY12/2026

Million yen	1Q	2Q stand-alone	First half	Previous first half
Net sales	147	126	273	251
Gross profit	81	78	159	139
Operating loss	232	247	479	536
Net loss	233	250	483	540
R&D expenses	174	194	368	395

Source: FactSet and company materials

What is important is the composition of revenue growth in the first half. In FY12/2025 as well, sales in the Drug Discovery Support Business exceeded the Company's plan due to biosimilar-related revenue. The fact that the same area was a factor behind revenue growth in the first half of 2026 has further increased the possibility that biosimilars will not remain one-off revenue, but will thicken the sales base of drug discovery support.

On the other hand, sales in the Drug Discovery & Development Business remain zero. The Company's profit and loss structure remains one in which the Drug Discovery Support Business generates a certain level of profit, and the Drug Discovery & Development Business makes upfront investments in clinical development expenses. Therefore, although the narrowing of losses in the first half can be evaluated positively, what will significantly change corporate value is not the improvement of several tens of millions of yen in operating loss, but whether out-licensing that leads to upfront payments, milestones, and royalties can be realized in the Drug Discovery and Development Business.

2. Cash flow and R&D funding

Drug discovery support alone cannot cover P&L losses, and funding from the capital market supports R&D.

In evaluating the Company, it is necessary to look at cash flow more than the statement of profit and loss.

Operating cash flow in the first half was negative 538 million yen. Although this improved year on year from negative 673 million yen, the Company continued to use more than 500 million yen in cash for business activities over the six-month period. Meanwhile, financing cash flow was positive 709 million yen, and as a result, cash and cash equivalents increased from 1.205 billion yen at the end of December 2025 to 1.372 billion yen at the end of June 2026.

In other words, the increase in the cash balance was not due to an improvement in business earnings. The Company is continuing development while procuring the shortfall in R&D funding from the equity market.

The 23rd series of stock acquisition rights covered 13.61 million shares and was issued with an initial exercise price of 115 yen and estimated net proceeds of 1.569 billion yen. The procured funds were planned to be allocated to investment in a biosimilar manufacturing JV, technology enhancement and business development for IDD and the antibody drug discovery platform, research and development of new drug discovery pipelines, working capital, and other purposes. The Company also issued 200 million yen in unsecured bonds, with Next Growth as the subscriber.

If the first-half operating cash outflow of 538 million yen is simply annualized, it would amount to approximately 1.08 billion yen per year. The cash balance of 1.372 billion yen at the end of June corresponds to approximately 1.3 years of cash outflow at this level. However, in July and August, there were additional exercises of stock acquisition rights, bringing in approximately 194 million yen in paid-in funds. Therefore, we do not view the short-term cash position as immediately tight.

The issue is whether the Company will need to repeat this funding method over the medium to long term.

The sales scale of the Drug Discovery Support Business is around 600 million yen per year, which is small relative to the level required to fund all current R&D investments with the Company's own funds. If out-licensing of CBA-1205 or CBA-1535 does not progress and monetization of IDD also takes time, additional financing may become necessary over a period of several years.

Therefore, for investors going forward, it will be necessary to look not only at the cash balance, but also at quarterly operating cash flow and whether the period until the next financing is extending.

3. Dilution and share supply–demand

Significant dilution has occurred, but the potential shares from the 23rd series of stock acquisition rights have disappeared.

In understanding the current decline in the share price, the impact of the 23rd series of stock acquisition rights cannot be ignored.

The number of shares covered at issuance was 13.61 million shares, and the maximum dilution ratio based on the total number of voting rights at the end of June 2025 was 20.01%. Looking only at the number of shares, this was dilution that cannot be called minor for existing shareholders.

In July 2026, 2.2098 million shares were newly delivered, and the exercise price declined from 72.7 yen at the beginning of the month to 63.0 yen at the end of the month. At the end of July, 713,700 shares remained, but all had been exercised by August 12, reducing the unexercised balance to zero.

The number of shares outstanding at the end of July was 81.15 million shares, and adding the 713,700 shares delivered in August gives a current number of issued common shares of approximately 81.86 million shares.

Table 2 23rd series of stock acquisition rights and number of shares

Item	Number of shares
Number of common shares at issuance	Approx. 68.05 million shares
Potential shares from the 23rd series of stock acquisition rights	13.61 million shares
Maximum share increase ratio	Approx. 20.0%
Shares delivered in July 2026	2.2098 million shares
Shares delivered in August 2026	713,700 shares
Number of issued shares after completion of exercise	Approx. 81.86 million shares
Remaining potential shares from the 23rd series of stock acquisition rights	0 shares

The dilution from the 23rd series of stock acquisition rights has already been incorporated into the actual number of shares outstanding. Therefore, going forward, there is no need to add potential shares from these stock acquisition rights to the denominator for valuation.

In addition, the impact on BPS differs from simply looking at the number of shares.

According to FactSet's calculation, BPS at the end of June 2026 was 19.84 yen. Thereafter, the remaining 2.9235 million shares in July and August were exercised at an average price of approximately 66 yen, and approximately 194 million yen was paid in. If calculated simply on a pro forma basis without taking into account profit and loss from July onward, BPS after completion of exercise would be approximately 21.5 yen.

In other words, in the current financing, the equity ownership ratio per shareholder and the denominator of future EPS were significantly diluted. However, because the exercise price exceeded book value per share, BPS itself did not decline.

What was more serious for investors was not dilution of net assets per share, but the share price supply–demand impact from the continuous market supply of new shares and EPS dilution, in which future profits will be divided among a larger number of shares.

4. Background to the share price decline

Rather than a long-term decline, the expectation-driven rise in 2024 rapidly unwound from 2025 onward.

Looking at the Company's long-term share price chart, the share price has not simply declined in one direction since 2020. Although it had been in a long-term slump, in 2024 the share price was substantially re-rated due to expectations related to out-licensing of PFKR, IDD, and biosimilars. Thereafter, the decline accelerated from 2025 to 2026.

Therefore, the decline from 2025 onward should not be explained simply by deterioration in earnings.

The first factor is the time lag between expectations for drug discovery earnings and actual results.

In 2024, the upfront payment from the PFKR license agreement contributed to sales, but in 2025, the reactionary decline eliminated sales in the Drug Discovery and Development Business. Although the Drug Discovery Support Business exceeded the plan and the operating loss also narrowed, the next out-licensing of CBA-1205 or CBA-1535, which the market expects as a factor that would increase corporate value, has not yet been realized.

The second factor is cash consumption.

Operating cash flow has remained negative, and external funds were necessary to continue R&D. If large-scale equity financing is conducted at a stage when drug discovery earnings are difficult to forecast, investors price future dilution into the share price.

The third factor is the actual share supply.

The 23rd series of stock acquisition rights was a structure in which the exercise price was adjusted according to the share price, and the allottee was assumed to recover funds by selling the shares acquired through exercise. Since a large volume of exercise continued even as the share price declined from the 70 yen level to the 60 yen level in July 2026, new share supply continued even during the share price decline.

According to FactSet data, Growth Capital's common shareholding remained at 484,000 shares, or 0.60%, as of July 1, 2026. The fact that common shareholdings did not accumulate significantly despite the exercise of a large volume of stock acquisition rights is consistent with the possibility that many of the acquired shares were absorbed by the market.

Therefore, we believe that the sharp decline in the share price from 2025 onward was affected by both disappointment over the delay in the concretization of drug discovery earnings and actual deterioration in supply–demand associated with capital financing.

This time, among these factors, the latter—the share supply resulting from the 23rd series of stock acquisition rights—has ended.

If the share price remains weak from here, it will be easier than before to judge that the share price directly reflects the market's evaluation of the Drug Discovery & Development Business itself, cash consumption, and caution toward the next capital financing.

5. CBA-1205

From progress in clinical trials, the focus shifts to the quality of data that can be used in out-licensing negotiations.

CBA-1205 is an antibody with enhanced ADCC activity that targets DLK1 and is the Company's main in-house development pipeline.

In the first half part of the Phase 1 clinical study, high safety was confirmed at doses of up to 30 mg/kg. In a melanoma patient, a case has been confirmed in which SD, accompanied by tumor shrinkage, continued for more than four years. In the second half part, PR, or tumor shrinkage of 30% or more, was confirmed in a hepatocellular carcinoma patient with confirmed DLK1 expression.

In the current 2Q materials, the Company states that enrollment of patients with hepatocellular carcinoma and melanoma has been completed and data analysis is underway. In the pediatric cancer part, patients with hepatoblastoma and other cancers will be incorporated, and dosing will proceed. In joint research with IGTP in Europe, the Company has confirmed a high expression rate of DLK1 in pediatric cancer.

On the intellectual property front, in addition to a European patent related to the combination of CBA-1205 and lenvatinib, the Company received a notice of allowance for a Japanese patent related to the combination of CBA-1205 and an FGFR4 inhibitor.

The Company positions CBA-1205 as a program aimed at maximizing product value and consideration upon out-licensing. Rather than out-licensing early based only on PR in hepatocellular carcinoma, the Company is seeking to improve the economic terms upon out-licensing by combining long-term SD in melanoma, pediatric solid tumors, and intellectual property for combination therapy.

The next focus for investors is not whether the clinical trial is progressing as scheduled.

The focus is whether PR in hepatocellular carcinoma will be reproduced, whether the relationship between responding patients and DLK1 expression will become clearer, whether data suggesting efficacy in pediatric solid tumors will emerge, and how those results will connect to out-licensing terms with pharmaceutical companies.

If clinical data progresses to this stage, CBA-1205 will no longer be merely an R&D asset, and the possibility that it will be converted into corporate value accompanied by contract amounts will increase.

6. CBA-1535

Entry into the final cohort. Can licensing negotiations be concluded based on monotherapy data?

CBA-1535 is a Tribody-type T cell engager that targets 5T4 × CD3 × 5T4 and is a clinical development product that represents the Company's proprietary antibody technology.

In the Phase 1 clinical study, the Company is gradually escalating the dose as monotherapy in patients with solid tumors and evaluating safety, tolerability, and initial efficacy signals.

The final cohort of the first half part began in June 2026. According to the Company, responses are beginning to be seen in parameters indicating T-cell activation, which is the mechanism of action of this antibody. At present, only minor adverse reactions have been confirmed, and no safety data indicating development concerns have been confirmed.

What is important is that the Company is looking at out-licensing CBA-1535 based only on data from the monotherapy part.

In the T cell engager field for solid tumors, R&D competition is advancing, including among major pharmaceutical companies. In this environment, rather than a small biotech venture continuing clinical development independently over a long period, a strategy of licensing the drug to a company with financial strength at the stage when safety and initial efficacy signals have been shown, and thereby increasing the probability of successful development, is reasonable.

Therefore, for CBA-1535, what is important is not the transition to the second half part of the clinical study itself, but whether the results obtained from the final cohort in terms of safety, T-cell activation, and initial efficacy data will reach a level sufficient for potential in-licensing companies to make a contracting decision.

Whereas CBA-1205 is an asset that will accumulate data with the aim of achieving higher out-licensing value, CBA-1535 has the role of transferring the development burden externally through early out-licensing. The out-licensing strategies for the two pipelines differ, and this difference will also be important in terms of capital allocation.

7. Drug discovery support, IDD, and biosimilars

Increasing presence as businesses that fill the gaps between large drug discovery earnings events.

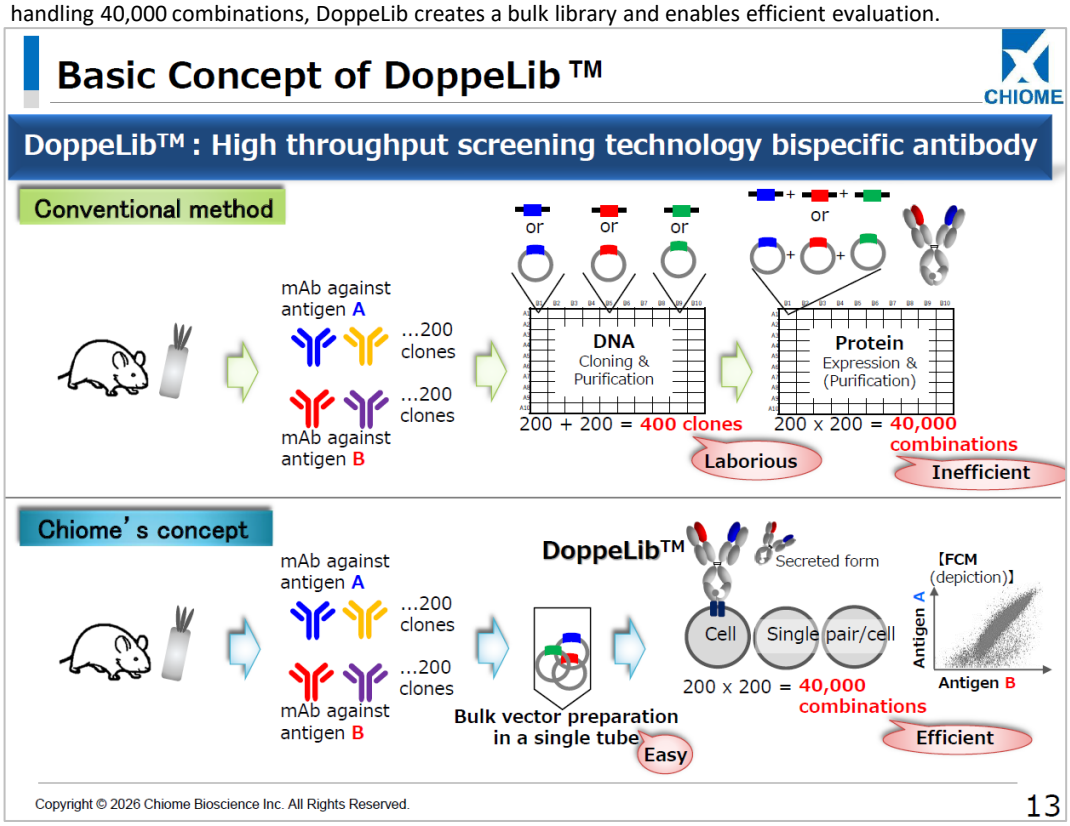
The Drug Discovery Support Business is currently the Company's only business that generates continuous sales.

First-half FY12/2026 net sales of 273 million yen increased 8.7% year on year, driven by an increase in biosimilar-related sales.

Based on historical data, company-wide net sales in FY12/2025 were 593 million yen, and the five-year CAGR from 481 million yen in 2020 was approximately 4.3%. Sales growth itself has not been rapid, but excluding the PFKR upfront payment in 2024, drug discovery support has formed the foundation for stable revenue.

In IDD, a new project started under the business alliance with Axcelead Drug Discovery Partners. Consultations on science support before and after the establishment of biotech ventures are also increasing, and business opportunities to provide the Company's research and clinical development know-how to external companies are expanding.

For DoppeLib, the Company has built technology that enables high-throughput screening of bispecific antibodies and is conducting joint studies with multiple companies. The Company positions this as an important technology in future IDD. On page 13 of the Company materials, the Company presents the concept that, while conventionally combining 200 types each of parental antibodies required individually handling 40,000 combinations, DoppeLib creates a bulk library and enables efficient evaluation.



Biosimilars should be viewed as a business positioned between R&D-based drug discovery and contract research.

This is not a model that obtains a large contract amount through a single out-licensing, as in drug discovery, but it may increase the continuity of sales by using joint development and CMC-related functions. The fact that biosimilar-related revenue was a factor behind revenue growth in the first half of 2026, following 2025, indicates that the importance of this area for corporate value is increasing.

What should be confirmed going forward is not the number of projects, but the contribution to net sales and profit.

If IDD and DoppeLib move from the stage of consultations and joint studies to the stage where contract amounts, duration, milestones, and other details are disclosed, the Company's valuation will become less dependent only on the drug discovery pipeline.

8. Shareholder composition and management team

A high free-float ratio makes the share price more responsive, while the limited base of stable shareholders remains.

According to FactSet data, as of August 12, 2026, the free-float ratio was 89.4%, and the institutional investor ownership ratio was 0.16%. The major shareholders are centered on individual shareholders, including Mr. Yasuhiro Ogawa at 2.09%, Mr. Kenji Watanabe at 1.68%, Mr. Kunihiro Ota at 1.20%, and Mr. Fumishige Ehira at 1.19%. Growth Capital's common shareholding is 0.60%.

This shareholder composition means that the share price is likely to move significantly in response to positive news, while there are few institutional investors with a long-term investment horizon, and stable demand to support the share price is also weak when catalysts fade.

The completion of the exercise of the 23rd series of stock acquisition rights means that a new large supply has run its course. However, whether the exercised shares have fully settled in terms of transfer to end investors will need to be confirmed going forward through trading volume and changes in major shareholders.

President Koike was responsible for oncology R&D, research units, and other areas at Kyowa Kirin. Director Bijohira has experience in corporate planning and administration; Director Taoka has experience in clinical development; and Mr. Kawai has experience at major pharmaceutical companies spanning research and development, production, and management.

The composition of the management team is rich in R&D experience for a drug discovery company. On the other hand, for the Company at present, capital allocation is as important as R&D itself. After completing large-scale financing through the 23rd series of stock acquisition rights, how much funding the Company allocates to which pipelines, and where it transfers the development burden to external partners through out-licensing, will determine management evaluation.

9. Valuation

PBR remains high, but the current share price does not fully incorporate drug discovery success.

Using the share price of 80 yen and approximately 81.86 million shares outstanding after completion of exercise, market capitalization is approximately 6.55 billion yen.

BPS at the end of June 2026 was 19.84 yen, and pro forma BPS, simply reflecting the capital inflow from the exercise of stock acquisition rights in July and August, is approximately 21.5 yen. The PBR at the current share price is therefore approximately 3.72x.

The Company is loss-making, and it has not disclosed company-wide profit forecasts including the Drug Discovery & Development Business. Therefore, valuation using the usual forecast PER is not appropriate. The latest ROE calculated by FactSet is also negative 60.0%, and the method of calculating appropriate PBR from the normal relationship between ROE and PBR is also not meaningful as long as current profits are used as they are.

In addition, EPS has remained negative for the past five years, so the historical CAGR of EPS cannot be calculated in the usual way.

On this point, rather than forcibly calculating the growth rate, it is more appropriate to look at how much future earnings power the share price is requiring.

Net sales increased from 481 million yen in 2020 to 593 million yen in 2025, and the five-year CAGR is approximately 4.3%. To justify the current PBR of 3.72x, mere sales growth of around 4% is not enough. Assuming a cost of equity of around 10% and a long-term growth rate of around 4%, the current PBR requires a level of sustainable ROE in the mid-20% range in the future.

However, in the Company's case, this ROE will not be generated solely from the Drug Discovery Support Business.

A transformation of the earnings structure will be necessary, including upfront payments from out-licensing of CBA-1205 and CBA-1535, milestones, and IDD and biosimilar revenue.

Therefore, the current share price is not a level premised only on continued losses, but it is also difficult to think that it fully incorporates the success of multiple drug discovery pipelines.

Fair value

This time, we used three methods: PBR, DCF, and ROIC.

- PBR method

  Applying a PBR of 3.5x to 5.0x to pro forma BPS of approximately 21.5 yen, taking into account continued losses and future drug discovery value, gives a range of approximately 75 yen to 108 yen.

- DCF method

  We used drug discovery support sales of around 600 million yen as the base business and evaluated CBA-1205, CBA-1535, IDD, and biosimilars after adjusting for the probability of success. The basic assumptions were WACC of approximately 10% and a perpetual growth rate of 1%. Since short-term FCF is negative, we did not use a standard steady-state DCF. As a result of probability-adjusting out-licensing income, we view the range as approximately 85 yen to 145 yen.

- ROIC method

  At present, ROIC is significantly below WACC. Evaluating a scenario in which the Company accumulates profit from drug discovery support and IDD revenue and improves return on invested capital through out-licensing income gives a range of approximately 75 yen to 125 yen. The charts also show that the spread between ROIC and WACC has remained negative throughout the past, and at present the Company cannot be evaluated as having entered a phase of continuous economic value creation.

Combining the three methods, we view the fair value range as 75 yen to 145 yen, with a central value of around 100 yen to 105 yen.

The share price of 80 yen is positioned toward the lower end of the range. Because the share price has declined compared with the time of the previous report and the direct supply from the 23rd series of stock acquisition rights has ended, the risk-reward profile has improved.

On the other hand, to realize an increase toward the central value, it will be necessary to confirm the concretization of drug discovery earnings. Rather than raising the evaluation by one notch simply because the share price is low, we believe the current phase is one in which the attractiveness of the share price level has increased.

10. Conditions and risks that will move the share price going forward

We believe the factors that will have the greatest impact on the revaluation of the share price going forward are, in the following order.

First is data analysis for CBA-1205. If additional response data following PR in hepatocellular carcinoma, correlation with DLK1 expression, and efficacy signals in pediatric cancer are confirmed, they will become factors that raise economic value upon out-licensing.

Second is the final cohort of CBA-1535. If not only safety but also data suggesting T-cell activation and efficacy are confirmed, and out-licensing negotiations based on monotherapy data become concrete, the R&D expenses that the Company will bear in the future may also decrease.

Third is monetization of IDD and biosimilars. We want to confirm whether joint research and drug discovery support consultations, including DoppeLib, will move into businesses accompanied by contract amounts. If biosimilar-related revenue continues in 2025 and 2026, the evaluation of earnings stability in the Drug Discovery Support Business will increase.

Fourth is operating cash flow. Whether the first-half cash outflow of 538 million yen narrows in the second half will affect the period until new equity financing.

Fifth is capital policy. Since the 23rd series of stock acquisition rights has ended, there is at least no additional dilution from these rights. However, if drug discovery out-licensing is delayed and cash consumption continues, new financing may again become necessary over a period of several years.

Downside risks are that data for CBA-1205 do not expand beyond existing cases; sufficient efficacy signals cannot be confirmed for CBA-1535; out-licensing negotiations become prolonged; biosimilar-related revenue remains one-off; R&D expenses increase again; and caution toward new equity financing strengthens at an early stage.

11. Focus of investment in the Company's shares going forward

In evaluating the Company's shares going forward, investors should not look only at how far the share price has declined.

The share price decline from 2025 onward reflected not only the delay in concretization of drug discovery earnings, but also the large-scale share supply from the 23rd series of stock acquisition rights. Now that this supply source has ended, investors are able to judge the Company's business value more easily than before.

On the other hand, the decline in the share price to 80 yen does not mean that the Company's risks have disappeared. It is difficult to support cash consumption that could reach around 1.0 billion yen per year with only 600 million yen in drug discovery support sales. To raise corporate value as a drug discovery company, it will be necessary to advance CBA-1205 or CBA-1535 to a stage where funds can be recovered.

At present, we believe this is a phase in which the improvement in share supply–demand should be evaluated first, while waiting for the concretization of drug discovery earnings.

If the share price remains weak even after completion of the exercise of the 23rd series of stock acquisition rights, it will become more likely that the market's evaluation of the timing of out-licensing and cash consumption, rather than a simple supply–demand factor, is reflected in the share price.

Conversely, if out-licensing accompanied by contract terms is realized for CBA-1205 or CBA-1535, now that the share supply overhang has become smaller, the share price may become more likely than before to react to news.

In medium- to long-term investment, we would focus on this asymmetry.

Compared with the fair value central value of 100 yen to 105 yen, the current share price of 80 yen has a certain upside. On the other hand, if drug discovery out-licensing is not realized for a long period, caution toward financing will rise again and become a downside factor for the share price.

Therefore, at this stage, while maintaining a slightly bullish stance, we position the analysis results for CBA-1205, the final cohort of CBA-1535, monetization of IDD and biosimilars, and operating cash flow as the four key items to confirm.

Company profile

Chiome Bioscience is a drug discovery venture engaged in the research and development of antibody drugs. Established in 2005 and listed in 2011, its shares are listed on the Growth Market of the Tokyo Stock Exchange. Based on its proprietary antibody generation technology ADLib system, multispecific antibody technology Tribody, and high-throughput screening technology for bispecific antibodies DoppeLib, the Company develops its in-house pipeline through the Drug Discovery and Development Business, the Drug Discovery Support Business for pharmaceutical companies and others, and IDD, which supports external companies' research and clinical development as well as biosimilar development.

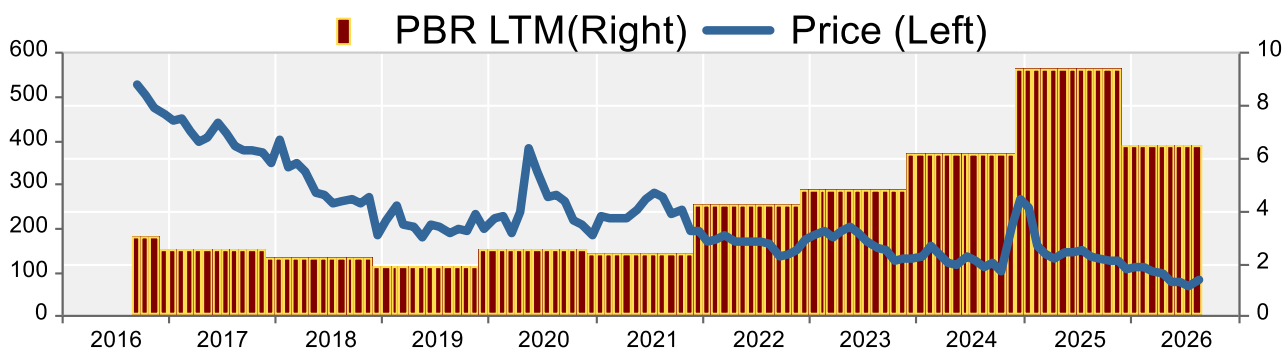
In the Drug Discovery & Development Business, the Company develops CBA-1205 and CBA-1535 as its main pipelines and aims to obtain upfront payments, milestones, and royalties through out-licensing to pharmaceutical companies. The Drug Discovery Support Business provides antibody generation, antibody engineering, protein preparation, and other services, and forms the Company's continuous sales base. In IDD, the Company deploys its technology and development know-how related to antibody drug discovery to external companies and expands its business areas to DoppeLib, clinical development support, biosimilars, and other areas.

Key financial data

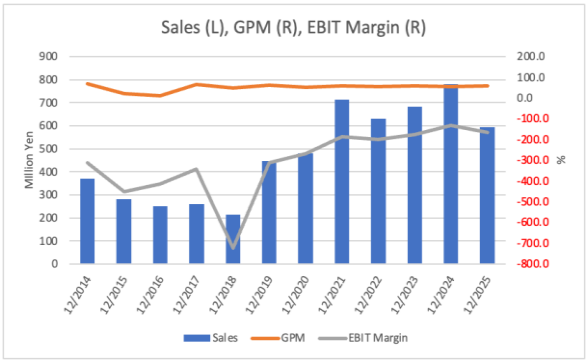
Unit: million yen	2021	2022	2023	2024	2025	2026 CE
Sales	713	631	682	781	593	NA
EBIT (Operating Income)	-1,334	-1,259	-1,205	-1,031	-980	NA
Pretax Income	-1,466	-1,238	-1,215	-1,018	-980	NA
Net Profit Attributable to Owner of Parent	-1,480	-1,243	-1,220	-1,021	-983	NA
Cash & Short-Term Investments	1,791	1,727	1,326	2,063	1,205	
Total assets	2,339	2,215	1,751	2,469	1,728	
Total Debt	183	184	291	282	262	
Net Debt	-1,608	-1,543	-1,035	-1,782	-943	
Total liabilities	446	425	594	549	605	
Total Shareholders' Equity	1,893	1,791	1,158	1,920	1,122	
Net Operating Cash Flow	-1,131	-1,191	-1,069	-1,001	-936	
Capital Expenditure	0	0	0	0	40	
Net Investing Cash Flow	-35	0	0	0	-55	
Net Financing Cash Flow	271	1,127	667	1,738	133	
ROA (%)	-50.73	-54.57	-61.51	-48.37	-46.84	
ROE (%)	-59.16	-67.48	-82.76	-66.33	-64.61	
EPS (Yen)	-36.7	-28.3	-24.6	-17.5	-14.5	
BPS (Yen)	46.4	37.0	22.0	28.7	16.4	
Dividend per Share (Yen)	0.00	0.00	0.00	0.00	0.00	0.00
Shares Outstanding (Million shares)	40.31	48.42	52.19	66.97	68.05	

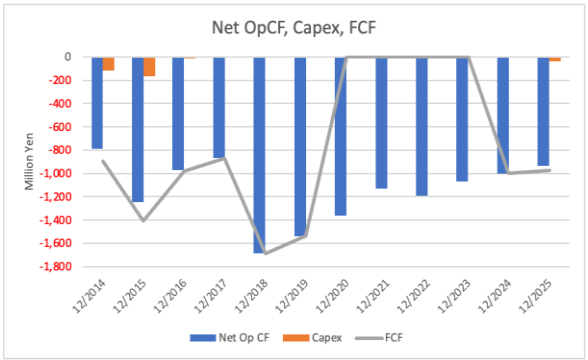
Source: Calculated by Omega Investment based on FactSet's standard criteria, rounded to the nearest whole number.

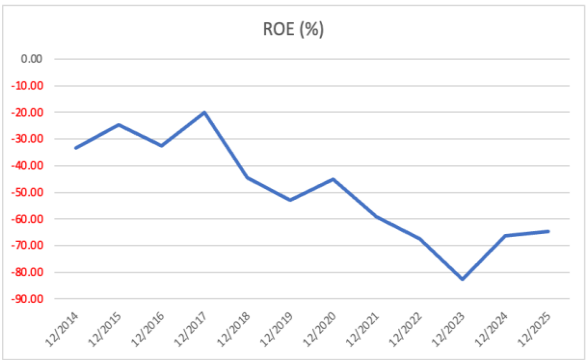
Share price

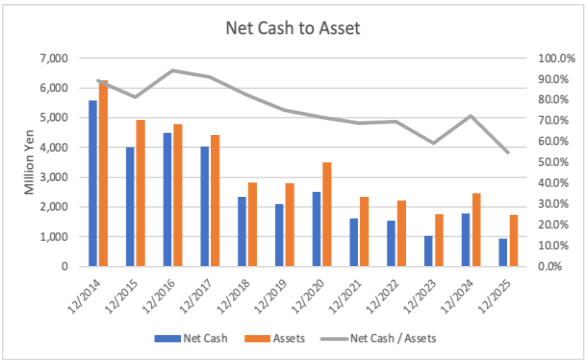


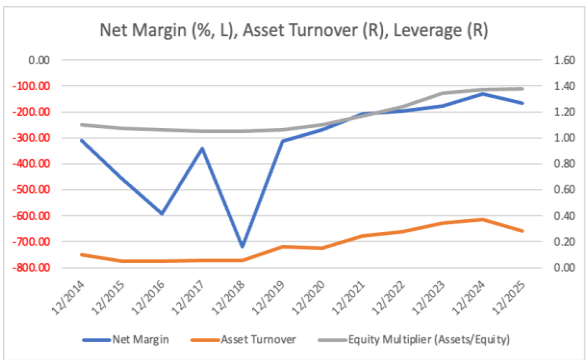
Key stock price data

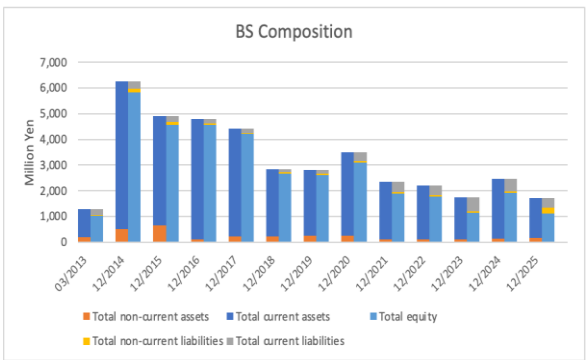


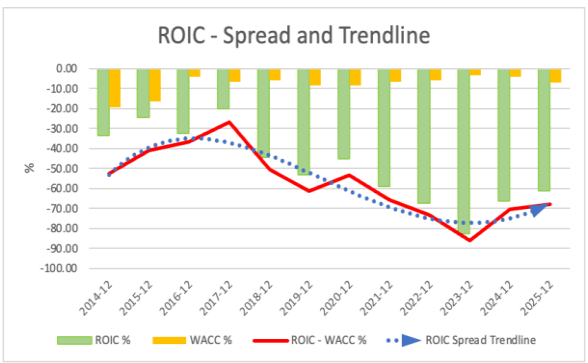


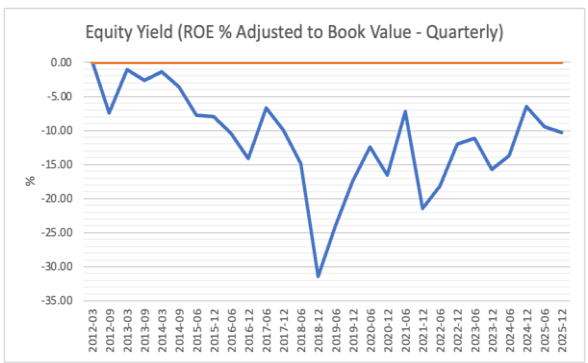












Financial data (quarterly basis)

Unit: million yen	2024/12			2025/12				2026/12	
	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
(Income Statement)									
Sales	134	159	358	139	113	118	223	147	126
Year-on-year	-29.2%	-3.8%	126.1%	7.0%	-15.7%	-25.7%	-37.6%	6.1%	11.8%
Cost of Goods Sold (COGS)	56	74	145	58	55	53	72	67	48
Gross Income	78	85	213	81	58	65	151	81	78
Gross Income Margin	58.0%	53.4%	59.5%	58.1%	51.5%	55.3%	67.8%	54.7%	61.7%
SG&A Expense	337	425	323	345	330	334	326	313	325
EBIT	-259	-340	-110	-265	-272	-269	-174	-232	-247
Year-on-year	-40.2%	38.1%	-63.3%	-17.9%	5.1%	-21.0%	58.7%	-12.2%	-9.1%
Operating Income Margin	-193.1%	-213.9%	-30.7%	-190.7%	-240.7%	-227.5%	-78.1%	-157.9%	-195.6%
EBITDA	-259	-340	-110	-265	-272	-267	-172	-230	-245
Pretax Income	-259	-351	-105	-265	-273	-259	-182	-232	-249
Consolidated Net Income	-260	-352	-105	-266	-274	-260	-183	-233	-250
Minority Interest	0	0	0	0	0	0	0	0	0
Net Income ATOP	-260	-352	-105	-266	-274	-260	-183	-233	-250
Year-on-year	-40.4%	38.0%	-65.1%	-12.5%	5.5%	-26.1%	73.4%	-12.4%	-8.8%
Net Income Margin	-193.9%	-221.2%	-29.4%	-191.8%	-242.5%	-220.3%	-81.7%	-158.4%	-197.7%
(Balance Sheet)									
Cash & Short-Term Investments	1,104	1,241	2,063	1,819	1,475	1,006	1,205	1,142	1,372
Total assets	1,557	1,694	2,469	2,205	1,963	1,549	1,728	1,670	1,907
Total Debt	292	303	282	282	261	79	262	87	68
Net Debt	-812	-938	-1,782	-1,537	-1,214	-926	-943	-1,055	-1,305
Total liabilities	487	478	549	443	443	299	605	358	341
Total Sharehjolders' Equity	1,071	1,216	1,920	1,761	1,519	1,250	1,122	1,312	1,566
(Profitability %)									
ROA	-69.09	-70.61	-48.37	-49.66	-56.65	-55.84	-46.84	-49.03	-47.84
ROE	-101.15	-100.30	-66.33	-65.33	-77.00	-73.45	-64.61	-61.82	-60.01
(Per-share) Unit: JPY									
EPS	-4.6	-6.1	-1.7	-3.9	-4.0	-3.8	-2.7	-3.3	-3.3
BPS	19.0	19.9	28.7	26.0	22.3	18.4	16.4	18.1	19.8
Dividend per Share	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Shares Outstanding (milion shares)	56.39	61.24	66.97	67.77	68.05	68.05	68.05	70.89	77.99

Source: Calculated by Omega Investment based on FactSet's standard criteria, rounded to the nearest whole number.

Financial data (full-year basis)

Unit: million yen	2016/12	2017/12	2018/12	2019/12	2020/12	2021/12	2022/12	2023/12	2024/12	2025/12
(Income Statement)										
Sales	252	260	213	448	481	713	631	682	781	593
Year-on-year	-10.0%	3.0%	-18.1%	110.3%	7.4%	48.3%	-11.5%	8.2%	14.4%	-24.0%
Cost of Goods Sold	228	94	107	167	238	292	283	285	349	238
Gross Income	25	166	106	281	243	421	348	398	432	356
Gross Income Margin	9.7%	64.0%	49.6%	62.7%	50.5%	59.0%	55.1%	58.3%	55.3%	59.9%
SG&A Expense	1,067	1,054	1,645	1,683	1,526	1,755	1,606	1,603	1,463	1,335
EBIT	-1,042	-888	-1,539	-1,402	-1,284	-1,334	-1,259	-1,205	-1,031	-980
Year-on-year	-17.9%	-14.8%	73.4%	-8.9%	-8.4%	3.9%	-5.7%	-4.2%	-14.5%	-5.0%
Operating Income Margin	-413.3%	-341.6%	-723.1%	-313.2%	-266.9%	-187.2%	-199.5%	-176.6%	-132.0%	-165.1%
EBITDA	-929	-877	-1,532	-1,397	-1,280	-1,331	-1,257	-1,204	-1,030	-976
Pretax Income	-1,501	-880	-1,531	-1,401	-1,291	-1,466	-1,238	-1,215	-1,018	-980
Net Income	-1,491	-883	-1,534	-1,404	-1,294	-1,480	-1,243	-1,220	-1,021	-983
Net income ATOP	-1,491	-883	-1,534	-1,404	-1,294	-1,480	-1,243	-1,220	-1,021	-983
Year-on-year	16.3%	-40.8%	73.8%	-8.5%	-7.8%	14.4%	-16.0%	-1.8%	-16.3%	-3.7%
Net Income Margin	-591.2%	-339.6%	-720.5%	-313.6%	-269.1%	-207.6%	-197.0%	-178.8%	-130.7%	-165.6%
(Balance Sheet)										
Cash & Short-Term Investments	4,553	4,027	2,329	2,106	2,686	1,791	1,727	1,326	2,063	1,205
Total assets	4,789	4,419	2,831	2,808	3,495	2,339	2,215	1,751	2,469	1,728
Total Debt	54	4	0	0	180	183	184	291	282	262
Net Debt	-4,499	-4,023	-2,329	-2,106	-2,506	-1,608	-1,543	-1,035	-1,782	-943
Total liabilities	224	202	154	187	385	446	425	594	549	605
Total Shareholders' Equity	4,565	4,218	2,677	2,622	3,110	1,893	1,791	1,158	1,920	1,122
(Cash Flow)										
Net Operating Cash Flow	-970	-867	-1,689	-1,537	-1,360	-1,131	-1,191	-1,069	-1,001	-936
Capital Expenditure	11	5	0	0	0	0	0	0	0	40
Net Investing Cash Flow	1,989	-137	0	-26	-4	-35	0	0	0	-55
Net Financing Cash Flow	1,434	479	-10	1,341	1,944	271	1,127	667	1,738	133
(Profitability)										
ROA (%)	-30.72	-19.17	-42.30	-49.79	-41.06	-50.73	-54.57	-61.51	-48.37	-46.84
ROE (%)	-32.67	-20.10	-44.49	-52.99	-45.15	-59.16	-67.48	-82.76	-66.33	-64.61
Net Margin (%)	-591.23	-339.59	-720.46	-313.65	-269.06	-207.58	-197.03	-178.77	-130.73	-165.65
Asset Turn	0.05	0.06	0.06	0.16	0.15	0.24	0.28	0.34	0.37	0.28
Assets/Equity	1.06	1.05	1.05	1.06	1.10	1.17	1.24	1.35	1.37	1.38
(Per-share) Unit: JPY										
EPS	-65.9	-33.5	-57.3	-44.6	-36.1	-36.7	-28.3	-24.6	-17.5	-14.5
BPS	179.3	157.5	99.9	78.8	78.7	46.4	37.0	22.0	28.7	16.4
Dividend per Share	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Shares Outstanding (million shares)	25.31	26.78	26.78	33.28	39.51	40.31	48.42	52.19	66.97	68.05

Source: Calculated by Omega Investment based on FactSet's standard criteria, rounded to the nearest whole number.

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